

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2004-435

October 20, 2004

CENTRAL MAINE POWER COMPANY, et.al.,	)	
Request to Increase Dollar Limit for Utility	)	Stipulation
Shared Services Corporation and Energy	)	
East Management Corporation Support Services	)	
Agreement with Certain Energy East Affiliates	)	

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1. On June 30, 2004, Central Maine Power Company, Maine Natural Gas, MaineCom Services, Maine Electric Power Company, NORVARCO, and Chester SVC Partnership (collectively "Applicants") filed a Request to Increase Dollar Limit for Utility Shared Services Corporation and Energy East Management Corporation Support Services Agreement with Certain Energy East Affiliates.

2. The filing sought an initial increase of the annual dollar limit contained in paragraph 6 of the Stipulation approved in Docket No. 2003-321 for support services provided to CMP by Utility Shared Services Corporation and Energy East Management Corporation to \$14 million and then ultimately an increase to \$25 million.

3. Under the provisions of the Order Approving Stipulation in Docket No. 2003-321, the Applicants may seek to increase the dollar limit up to \$14 million by making a notice filing with the Commission which, without objection by a party, will automatically become effective after 30 days. There were no objections to the Applicant's request for a \$14 million dollar increase.

4. By Notice of Transaction Limit Increase, dated August 17, 2004, the transaction limit was increased to \$14 million by the Commission. The Applicant's request for a further increase to \$25 million remained pending at that time.

**THE UNDERSIGNED, BEING PARTIES TO THIS PROCEEDING, AGREE AS  
FOLLOWS:**

5. The annual dollar limit contained in paragraph 6 of the Stipulation approved in Docket No. 2003-321 for support services provided to CMP by Utility Shared Services Corporation (“USS”) and Energy East Management Corporation (“EEMC”) is increased to \$25 million.

6. The United States Securities and Exchange Commission (“SEC”) authorized the formation of EEMC and USS as Service Companies under the Rules of the Public Utility Holding Company Act of 1935 (“The Act”). The services provided to the affiliate companies are performed at cost, computed in accordance with the Rules 90 and 91 under the Act as approved by the SEC and the Maine PUC. EEMC provides corporate services such as consolidated accounting and finance, while USS provides utility services (accounting, finance, information technology, human resources) to each of the regulated utility subsidiaries.

7. In this proceeding, the Commission Staff and parties have been provided information regarding the costs for support services provided to CMP by EEMC and USS. The Commission Staff has become generally familiar with the direct charging and cost allocation approach used by EEMC and USS. However, prior to the successor to CMP’s current rate plan called ARP 2000 (approved by the Commission in Docket No. 99-666), the Commission Staff expects to perform a further review of EEMC and USS costs charged to CMP. The parties agree that such further review will occur in 2007 utilizing calendar year 2006 historical information.

8. The Commission shall have the right to participate in any SEC audit of USS and EEMC to ensure that the costs the Applicants pay USS and EEMC are properly computed in accordance with Rules 90 and 91 under The Act.

9. Energy East shall provide the Commission its annual and quarterly reports filed pursuant to Section 58 (U-9C-3 Reports) of the Act at the same time it files those reports with the SEC.

10. The Parties agree that if and to the extent that an applicant is seeking (or another party is requesting) a rate change (whether in a general rate proceeding, pursuant to a bottom-end earnings sharing mechanism, or as a result of a mandated cost) that includes costs billed under the agreements approved herein, any other party is free to contest the reasonableness of the costs incurred under the agreements approved herein and the applicant seeking to include such costs in its rate change shall have the burden of proof as to the reasonableness of such costs.

11. All other provisions of the Docket No. 2003-321 settlement that are not in conflict with this Stipulation are incorporated into this Stipulation and remain in effect.

12. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

13. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Parties also intend that this Stipulation shall be null and void, and not bind the Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

14. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the

Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

15. The Parties to this Stipulation agree that the record in support of this Stipulation includes CMP's initial filing and updates thereto and all data responses.

16. The Parties waive any rights to an Examiner's Report and waive the ex parte rules in order that the Staff can provide their views on this proceeding to the Commission.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

Dated: \_\_\_\_\_

By: \_\_\_\_\_

OFFICE OF THE PUBLIC ADVOCATE

Dated: \_\_\_\_\_

By: \_\_\_\_\_